Impact of Technology on Government Financial Reporting

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Cathlyn Coons

- Subject Matter Expert, Workiva
- 22 years of financial reporting experience, both private and public sector
- Professor at San Diego State University
- Additional key areas: ERP upgrades, data conversion projects, and process redesign

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- Software company…all in the Cloud
- Platform called Wdesk
- Document Authorizing, data organization
- Picks-up where Office leaves-off…
  - Spreadsheets
  - Text
  - Presentations
  - Data
- Extremely rapid adoption by private sector
- Growing use by state & local governments

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Agenda

1. 2016 NASACT Survey
   - Facts
   - Analysis
2. Emerging issues
3. Technology
   - Central economic issue
   - Security

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2016 NASACT Survey of State Comptrollers and Their CAFR Processes

NASACT
National Association of State Auditors, Comptrollers and Treasurers

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2016 NASACT Survey

Purpose of survey—

1. Assist states in diagnosing challenges associated with CAFR preparation

2. Identify trends among technology tools that have either helped or failed to assist

3. Understand the need for a repeatable and sustainable process that can support staff changes

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2016 NASACT Survey

Concerns—

- Staff turnover, manual work, and technology
- Manual work and staff with effective skill sets
- Timeliness of audited component unit information
- Waiting for updates from others
- Compliance with requirements & GASB standards

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2016 NASACT Survey

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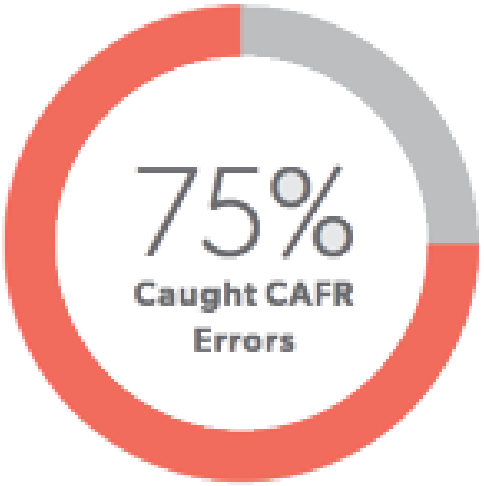
2016 NASACT Survey



It is a valid concern:

75% of respondents have caught errors in the CAFR prior to it being published, and nearly 43% have caught errors in the CAFR after it was published.

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2016 NASACT Survey

Errors—

- Manual input errors, formatting, grammar, inaccurate data
- Adjustments made to component unit financial statements after drafts have been submitted
- Error in fund roll-up

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2016 NASACT Survey

Errors (*continued*)—

- New or revised numbers from component units or agencies
- Incorrect information included in component unit report, subsequently duplicated in CAFR—minor typographical and formatting errors
- An agency reporting that they have been erroneously reporting a capital asset that did not belong to the agency

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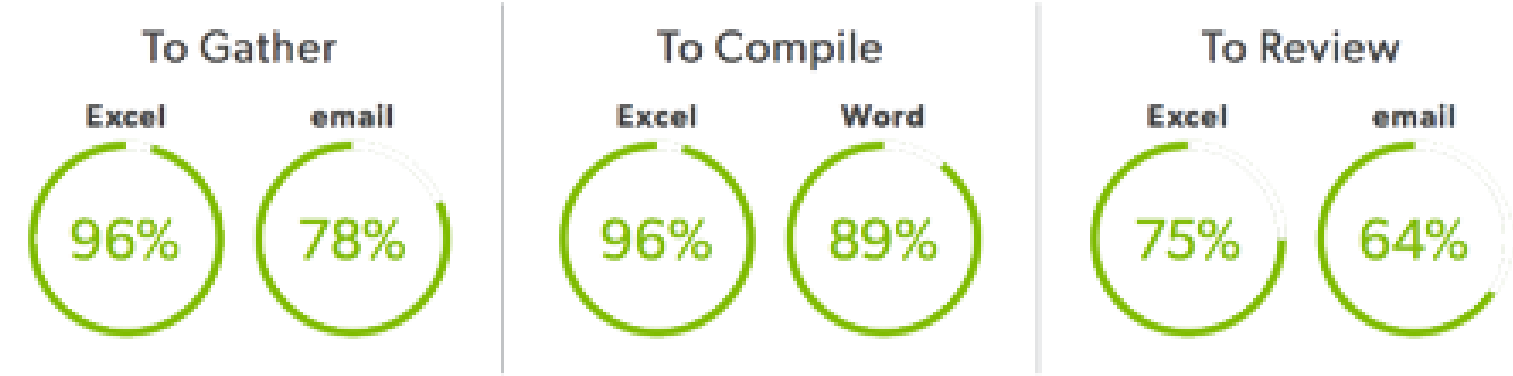
2016 NASACT Survey

The most used tools were as follows:



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2016 NASACT Survey

Problems—

- Capturing data updates (tic and tie)
- Consolidating sections of the report
- Formatting tables
- Gathering comments
- Controlling versions of documents
- Rounding numbers

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Analysis: Too Many Moving Parts

- Disconnected facts and documents
- Multiple sources with different information
- Multiple authors
- Multiple versions

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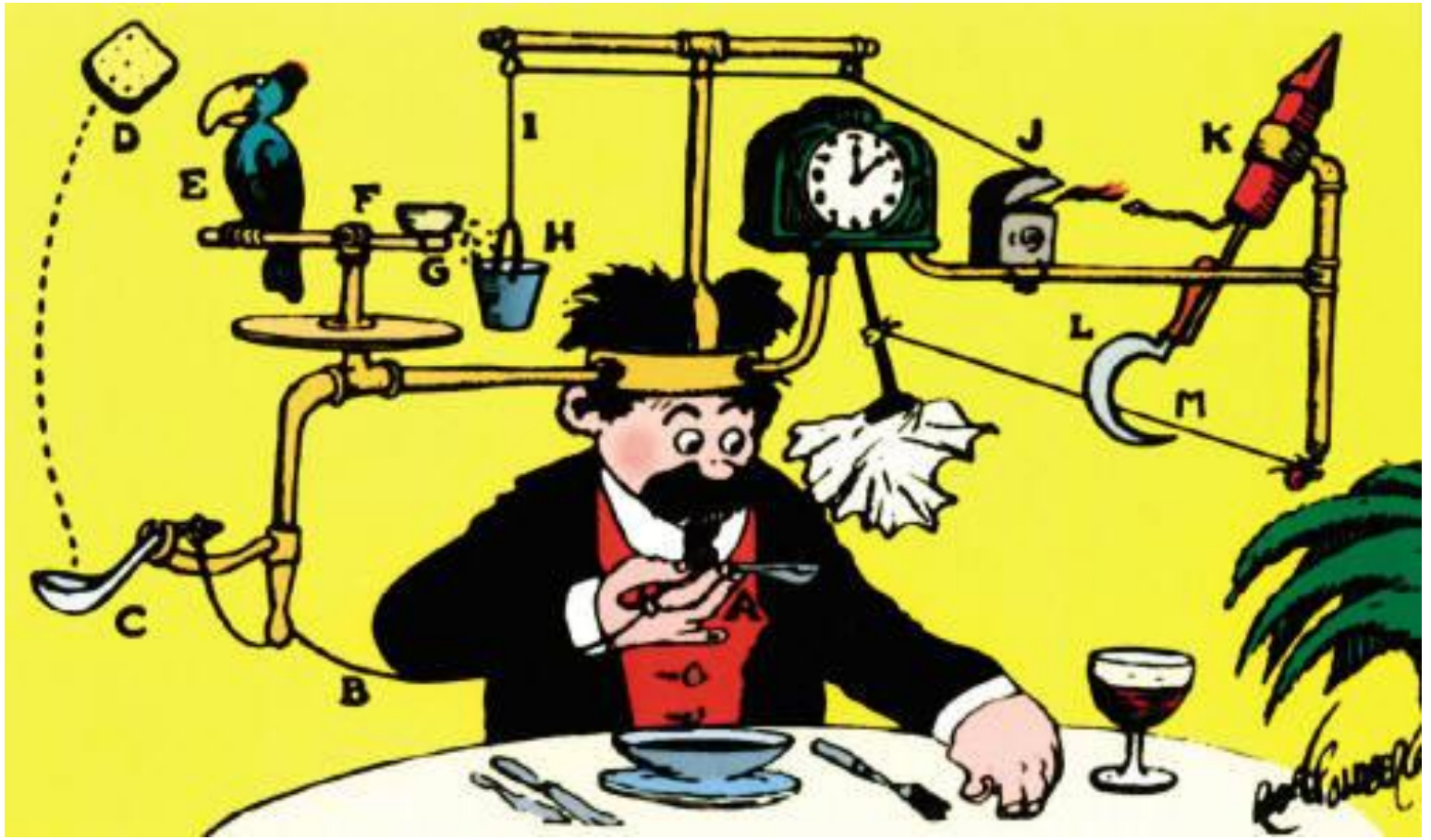
Too Many Moving Parts



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XBRL & The DATA Act

- President Barack Obama signed the Digital Accountability and Transparency Act (DATA Act), Public Law No. 113-101 on May 9, 2014
- Passed unanimously by both the House of Representatives and the Senate.

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XBRL & The DATA Act

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XBRL & The DATA Act

Making Sense of the Grant Reporting Process

Sub-awardees give their reporting data to **prime awardees**. → **Prime awardees** submit all required data via **FSRS**. → **Federal grant-making agencies** publish program data on **USASpending.gov**.

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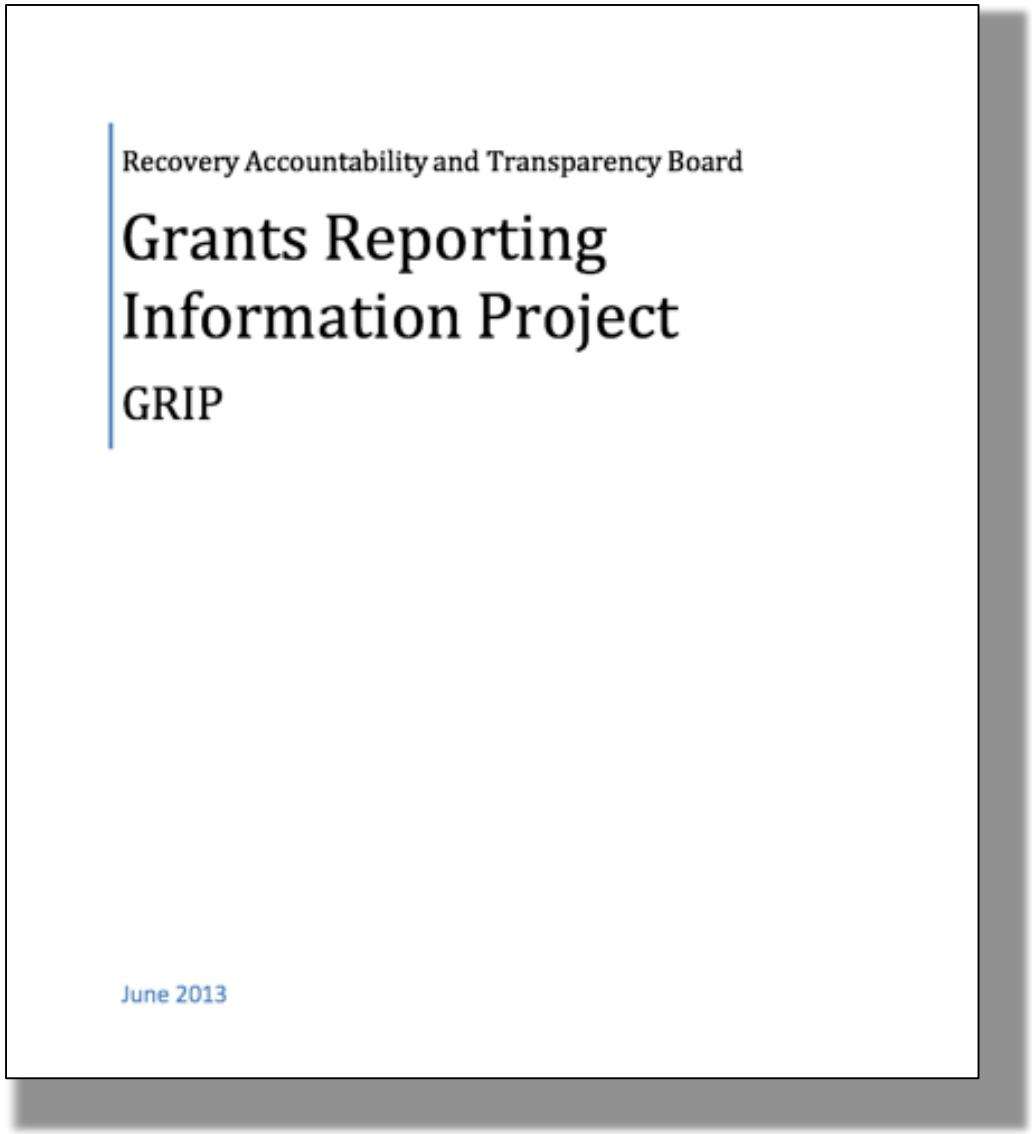
XBRL & The DATA Act


Recovery Accountability and Transparency Board

Grants Reporting Information Project

GRIP

June 2013

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We've Been There Before…

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How Can Technology Help?

Productivity!

pro·duc·tiv·i·ty,/*noun* the effectiveness of productive effort, the rate of output per unit of input.

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How Can Technology Help?

Productivity!

pro·duc·tiv·i·ty,/*noun* the **effectiveness** of productive effort, the rate of **output per unit of input**.

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Productivity

How?

1. Free-up time
2. Improve quality
3. Meet new demands

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Remember This?

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Wow!

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Double Wow!

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Benefits

- Excel
- Word
- PowerPoint
- PDF
- Email

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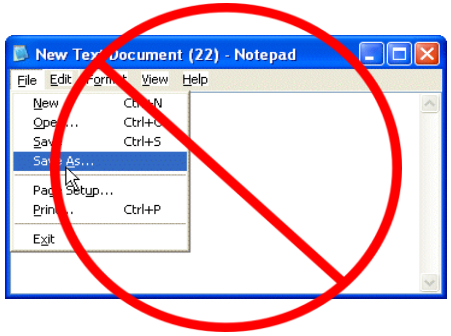
Costs

Copy / Paste / Email



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Too Many Moving Parts

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Productivity: Giving Back FTEs

"Our old process took between 50 and 100 hours. Now, I can manage the whole process myself with Wdesk in two hours."

–Corporate Vice President of life insurance company speaking about financial controls that require certification by more than 100 employees.

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Productivity: Giving Back FTEs

"Control owners and the compliance manager alike were able to save upwards of 11 hours per process formation, and upwards of 5 hours when it came time to review and update the processes."

–Forrester, Total Economic Impact
Large Auto Parts Retailer
page 4

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Move To The Cloud

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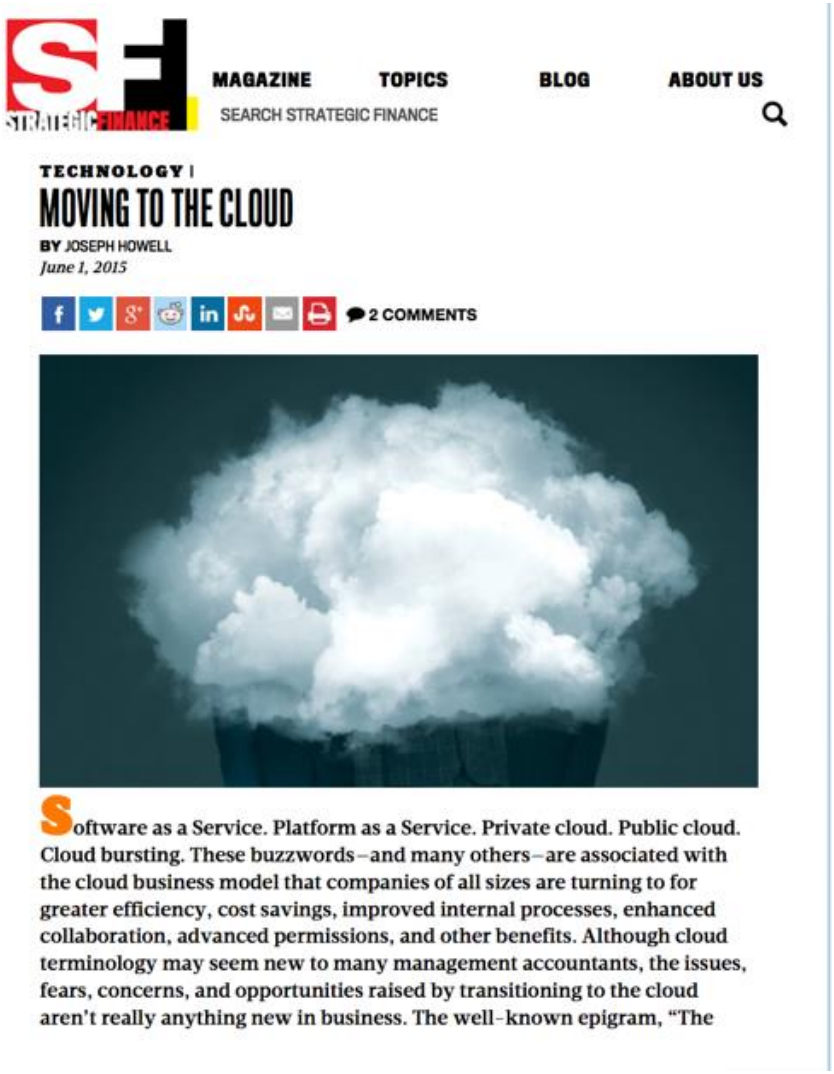
Move To The Cloud



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MOVING TO THE CLOUD

BY JOSEPH HOWELL

June 1, 2015

2 COMMENTS

Software as a Service. Platform as a Service. Private cloud. Public cloud. Cloud bursting. These buzzwords—and many others—are associated with the cloud business model that companies of all sizes are turning to for greater efficiency, cost savings, improved internal processes, enhanced collaboration, advanced permissions, and other benefits. Although cloud terminology may seem new to many management accountants, the issues, fears, concerns, and opportunities raised by transitioning to the cloud aren't really anything new in business. The well-known epigram, "The

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Cloud Security?

Impenetrable Fortress Model

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Cloud Security?

Encryption Model

US Chief Information Officer Tony Scott speaks during a hearing of the Senate Homeland Security and Governmental Affairs Committee on Capitol Hill, June 25, 2015, in Washington, DC. — Brendan

"Mr. Scott, who is the federal government's top IT official, said cloud providers have the incentive, skills and abilities to 'do a much better job of security than any one company or any one organization can probably do.'"

The Wall Street Journal, October 23, 2015

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Economies of Scale

- Massive computing capacity
- Sophisticated physical and software controls
- Regular, independent audits
  - SSAE 16
  - SOC 1 and SOC 2

If Penetrated

Nothing of use:

- Shards
- Encrypted at rest & transmission
- Massively redundant
- Granular permissions

Questions?

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Thank You!

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